

Amendments to House Bill No. 195
3rd Reading Copy

For the Senate Business, Labor, and Economic Affairs Committee

Prepared by Pat Murdo
March 12, 2009 (4:58pm)

1. Page 3, line 15.

Following: "(6)"**Insert:** "(a)"

2. Page 3, line 16.

Strike: "(a)"**Insert:** "(i)"**Renumber:** subsequent subsections

3. Page 3, line 25.

Following: "11 p.m."**Insert:** "The provisions of this subsection (6)(a)(iv) and subsection (6)(b) do not apply to a restaurant for which a restaurant beer and wine license is in effect as of [the effective date of this act] or to subsequent renewals of that license by the owner as of [the effective date of this act]."

4. Page 3.

Following: line 25**Insert:** "(b) The term does not mean a fast-food restaurant that, excluding any carry-out business, serves a majority of its food and drink in throw-away containers not reused in the same restaurant."

5. Page 3, line 26.

Strike: "(i) Subject to" through "(7)(a)(ii), a"**Insert:** "A"

6. Page 3, line 27 through page 4, line 1.

Strike: "if there" on page 3, line 27 through "new" on page 4, line 1**Insert:** "only after 1 year of use by the original"

7. Page 5, line 12.

Strike: "Any"**Insert:** "A preference must be given to an"**Following:** "who"**Insert:** "does not yet have in any quota area a restaurant beer and wine license or a retail beer license and who"

Strike: "in a quota area, AS PRESCRIBED IN 16-4-105,"

Insert: "that is in the quota area described in subsection (8) in which the license has become available and "

8. Page 5, line 13 through line 14.

Following: "application"

Strike: "must be given a" on line 13 through "preference" on line 14

9. Page 5, line 15.

Strike: "for a newly available" through "license"

10. Page 5.

Following: line 22

Insert: "(d) If a successful lottery applicant does not use a license within 1 year of notification by the department of license eligibility, the applicant shall forfeit the license. The department shall refund any fees paid except the application fee and offer the license to the next eligible ranked applicant in the lottery."

11. Page 6.

Following: line 15

Insert: "NEW SECTION. Section 2. {standard} Saving clause. [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act]."

Renumber: subsequent sections

- END -

HOUSE BILL NO. 195
INTRODUCED BY R. HAMILTON

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS RELATED TO THE QUALIFICATIONS AND CONDITIONS FOR OBTAINING A RESTAURANT BEER AND WINE LICENSE; CLARIFYING THE DEFINITION OF A FULL-SERVICE RESTAURANT; ELIMINATING THE REQUIREMENT THAT AN UNSUCCESSFUL LOTTERY APPLICANT BE GIVEN A PREFERENCE IN FUTURE LOTTERIES; AMENDING SECTION 16-4-420, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 16-4-420, MCA, is amended to read:

"16-4-420. Restaurant beer and wine license. (1) The department shall issue a restaurant beer and wine license to an applicant whenever the department determines that the applicant, in addition to satisfying the requirements of this section, meets the following qualifications and conditions:

- (a) in the case of an individual applicant:
 - ~~—(i) the applicant's past record and present status as a purveyor of alcoholic beverages and as a business person and citizen demonstrate that the applicant is likely to operate the establishment in compliance with all applicable laws of the state and local governments; and~~
 - ~~—(ii) the applicant is not under 19 years of age;~~
- (b) in the case of a corporate applicant:
 - ~~—(i) in the case of a corporation listed on a national stock exchange, the corporate officers and the board of directors must meet the requirements of subsection (1)(a);~~
 - ~~—(ii) in the case of a corporation not listed on a national stock exchange, each owner of 10% or more of the outstanding stock must meet the requirements for an individual listed in subsection (1)(a); and~~
 - ~~—(iii) the corporation is authorized to do business in Montana;~~
- (c) in the case of any other business entity, including but not limited to partnerships, including limited liability partnerships, limited partnerships, and limited liability companies, but not including any form of a trust:
 - ~~—(i) if the applicant consists of more than one individual, all individuals must meet the requirements of subsection (1)(a); and~~
 - ~~—(ii) if the applicant consists of more than one corporation, all corporations listed on a national stock exchange must meet the requirements of subsection (1)(b)(i) and corporations not listed on a national stock exchange must meet the requirements of subsection (1)(b)(ii); the applicant complies with the licensing criteria provided in 16-4-401 FOR AN ON-PREMISES CONSUMPTION LICENSE;~~

~~(d)(b)~~ the applicant operates a restaurant at the location where the restaurant beer and wine license will be used or satisfies the department that:

- (i) the applicant intends to open a restaurant that will meet the requirements of subsection (6) and intends to operate the restaurant so that at least 65% of the restaurant's gross income during its first year of operation is expected to be the result of the sale of food;
 - (ii) the restaurant beer and wine license will be used in conjunction with that restaurant, that the restaurant will serve beer and wine only to a patron who orders food, and that beer and wine purchases will be stated on the food bill; and
 - (iii) the restaurant will serve beer and wine from a service bar, as service bar is defined by the department by rule;
- ~~(e)(c)~~ the applicant understands and acknowledges in writing on the application that this license prohibits the applicant from being licensed to conduct any gaming or gambling activity or operate any gambling machines and that if any gaming or gambling activity or machine exists at the location where the restaurant beer and wine license will be used, the activity must be discontinued or the machines must be removed before the restaurant beer and wine license takes effect; and
- ~~(f)(d)~~ the applicant states the planned seating capacity of the restaurant, if it is to be built, or the current seating capacity if the restaurant is operating.

(2) (a) A restaurant that has an existing retail license for the sale of beer, wine, or any other alcoholic beverage may not be considered for a restaurant beer and wine license at the same location.

(b) (i) An on-premises retail licensee who sells the licensee's existing retail license may not apply for a license under this section for a period of 1 year from the date that license is transferred to a new purchaser.

(ii) A person, including an individual, with an ownership interest in an existing on-premises retail license that is being transferred to a new purchaser may not attain an ownership interest in a license applied for under this section for a period of 1 year from the date that the existing on-premises retail license is transferred to a new purchaser.

(3) A completed application for a license under this section and the appropriate application fee, as provided in subsection (11), must be submitted to the department. The department shall investigate the items relating to the application as described in subsections (3)(a) through (3)(d). Based on the results of the investigation and the exercise of its sound discretion, the department shall determine whether:

- (a) the applicant is qualified to receive a license;
- (b) the applicant's premises are suitable for the carrying on of the business;
- (c) the requirements of this code and the rules promulgated by the department are complied with; and

(d) the seating capacity stated on the application is correct.

(4) An application for a beer and wine license submitted under this section is subject to the provisions of 16-4-203, 16-4-207, and 16-4-405.

(5) If a premises proposed for licensing under this section is a new or remodeled structure, then the department may issue a conditional license prior to completion of the premises based on reasonable evidence, including a statement from the applicant's architect or contractor confirming that the seating capacity stated on the application is correct, that the premises will be suitable for the carrying on of business as a bona fide restaurant, as defined in subsection (6).

(6) (a) For purposes of this section, "restaurant" means a public eating place:

~~(a) (i) where individually priced meals are prepared and served for on-premises consumption;~~

~~(b) (ii) At where at least 65% of the restaurant's annual gross income from the operation must be from the sale of food and not from the sale of alcoholic beverages. Each year after a license is issued, the applicant shall file with the department a statement, in a form approved by the department, attesting that at least 65% of the gross income of the restaurant during the prior year resulted from the sale of food.~~

~~(c) (iii) The restaurant must have that has a dining room, a kitchen, and the number and kinds of employees necessary for the preparation, cooking, and serving of meals in order to satisfy the department that the space is intended for use as a full-service restaurant; and~~

~~(d) (iv) A full-service restaurant is a restaurant that provides that serves an evening dinner meal at least 4 days a week for at least 2 hours a day between the hours of 5 p.m. and 11 p.m. THE PROVISIONS OF THIS SUBSECTION (6)(iv) AND SUBSECTION (6)(B) DO NOT APPLY TO A RESTAURANT FOR WHICH A RESTAURANT BEER AND WINE LICENSE IS IN EFFECT AS OF [THE EFFECTIVE DATE OF THIS ACT] OR TO SUBSEQUENT RENEWALS OF THAT LICENSE BY THE OWNER AS OF [THE EFFECTIVE DATE OF THIS ACT].~~

~~(b) The term does not mean a fast-food restaurant that, EXCLUDING ANY CARRY-OUT BUSINESS, serves a majority of its food and drink in throw-away containers not reused in the same restaurant.~~

~~(7) (a) (i) Subject to the conditions of subsection (7)(a)(ii), a A restaurant beer and wine license may be transferred, upon approval by the department, from the original applicant to a new owner of the restaurant if there is no change of location, and the original owner may transfer location after the license is issued by the department to a new location, upon approval by the department.~~

~~(ii) A new owner may not transfer the license to a new location for a period of 1 year following the transfer of the license to the new ONLY AFTER 1 YEAR OF USE BY THE ORIGINAL owner.~~

(b) A license issued under this section may be jointly owned, and the license may pass to the surviving joint tenant upon the death of the other tenant. However, the license may not be transferred to any other person or entity by operation of the laws of inheritance or succession or any other laws allowing the transfer of property upon the death of the owner in this state or in another state.

(c) An estate may, upon the sale of a restaurant that is property of the estate and with the approval of the department, transfer a restaurant beer and wine license to a new owner.

(8) (a) The department shall issue a restaurant beer and wine license to a qualified applicant:

(i) except as provided in subsection (8)(c), for a restaurant located in a quota area with a population of 5,000 persons or fewer, as the quota area population is determined in 16-4-105, if the number of restaurant beer and wine licenses issued in that quota area is equal to or less than 80% of the number of beer licenses that may be issued in that quota area pursuant to 16-4-105;

(ii) for a restaurant located in a quota area with a population of 5,001 to 20,000 persons, as the quota area population is determined in 16-4-105, if the number of restaurant beer and wine licenses issued in that quota area is equal to or less than 160% of the number of beer licenses that may be issued in that quota area pursuant to 16-4-105;

(iii) for a restaurant located in a quota area with a population of 20,001 to 60,000 persons, as the quota area population is determined in 16-4-105, if the number of restaurant beer and wine licenses issued in that quota area is equal to or less than 100% of the number of beer licenses that may be issued in that quota area pursuant to 16-4-105;

(iv) for a restaurant located in a quota area with a population of 60,001 persons or more, as the quota area population is determined in 16-4-105, if the number of restaurant beer and wine licenses issued in that quota area is equal to or less than 80% of the number of beer licenses that may be issued in that quota area pursuant to 16-4-105; and

(v) for a restaurant located in a quota area that is also a resort community, as the resort community is designated by the department of commerce under 7-6-1501(5), if the number of restaurant beer and wine licenses issued in the quota area that is also a resort community is equal to or less than 200% of the number of beer licenses that may be issued in that quota area pursuant to 16-4-105.

(b) In determining the number of restaurant beer and wine licenses that may be issued under this subsection (8) based on the percentage amounts described in subsections (8)(a)(i) through (8)(a)(v), the department shall round to the nearer whole number.

(c) If the department has issued the number of restaurant beer and wine licenses authorized for a quota area under subsection (8)(a) (i) , there must be a one-time adjustment of four additional licenses for that quota area.